



**MCI Communications
Corporation**

1801 Pennsylvania Avenue, NW
Washington, DC 20006

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

October 25, 1996

ORIGINAL

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: **Implementation of the Telecommunications Act of 1996: Reform of
Filing Requirements and Carrier Classifications; CC Docket No. 96-
193**

Dear Mr. Caton:

Enclosed herewith for filing are the original and four (4) copies of MCI
Telecommunications Corporation's Petition for Clarification regarding the above-
captioned matter.

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI
Petition for Clarification furnished for such purpose and remit same to the bearer.

Sincerely yours,

Alan Buzacott
Regulatory Analyst

Enclosure
AB

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of:)	
)	
Implementation of the)	
Telecommunications Act of 1996)	CC Docket No. 96-193
)	
Reform of Filing Requirements)	
and Carrier Classifications)	

MCI PETITION FOR CLARIFICATION

Pursuant to Section 1.429 of the Commission's rules, MCI Telecommunications Corporation hereby submits this petition for clarification of the Commission's Order and Notice of Proposed Rulemaking (Order), FCC 96-370, released September 12, 1996 and summarized in the Federal Register on September 25, 1996.

The Order implements Section 402(b)(2)(B) of the Telecommunications Act of 1996 (1996 Act), which provides that "[t]he Commission shall permit any common carrier . . . to file . . . ARMIS reports annually, to the extent such carrier is required to file such . . . reports." In the Order, the Commission amended its rules to specify that carriers must file the ARMIS quarterly report, 43-01, and the ARMIS semi-annual service quality report, 43-06, once each year.¹ The Commission also directed the Common Carrier

¹ARMIS Reporting Order at ¶4.

Bureau to make any changes to the form and content of these reports necessary to accommodate the change from quarterly and semi-annual filings to annual filings.²

MCI requests that the Commission clarify that carriers will be required to report the same information in the new annual 43-01 report as they have in the quarterly reports. In particular, MCI requests that the Commission clarify that carriers are still required to report cost and revenue data by quarter. Instead of filing the quarterly data in separate reports, as is the case today, carriers will be permitted to file the quarterly data in a single annual report.

Continued reporting of quarterly cost and revenue information will provide the Commission with a consistent data series, allowing comparison of carrier operations with prior years. In addition, as MCI has noted on several occasions, quarterly variations in LEC expenses must be scrutinized to ensure that LECs do not use disproportionate fourth quarter expenses to reduce their reported rate of return.³ Even though many LECs have elected the no-sharing 5.3 X-factor, that election is annual, and accurate rate of return reporting continues to be essential to the Commission's monitoring of its price cap regime.

²Id.

³See, e.g., In the Matter of 1992 Annual Access Tariff Filings, Memorandum Opinion and Order Suspending Rates and Designating Issues for Investigation, 7 FCC Rcd 4731, 4734.

It would not be burdensome for carriers to continue reporting cost and revenue data by quarter, as carriers' accounting systems are already designed to track costs and revenues on a quarterly basis. On the other hand, reporting of annual cost and revenue information alone would not significantly reduce the burdens on LECs, as they would presumably continue collecting this information on a quarterly basis. Quarterly reporting is the norm for corporate financial reporting.

Nothing in the 1996 Act limits the Commission's ability to require the reporting of quarterly cost and revenue data. Section 402(b)(2)(B) governs only the frequency of ARMIS reports; it places no restrictions on their form or content. Because the 1996 Act in no way requires the new annual ARMIS reports to contain only aggregate data for an entire year, MCI requests that the Commission clarify that carriers must continue to report cost and revenue data by quarter.

Respectfully submitted,
MCI TELECOMMUNICATIONS CORPORATION

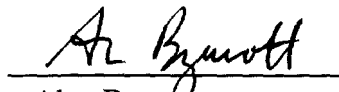


Alan Buzacott
1801 Pennsylvania Ave., NW
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(202) 887-3204

October 25, 1996

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on October 25, 1996.

A handwritten signature in cursive script, reading "Alan Buzacott", is positioned above a horizontal line.

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CERTIFICATE OF SERVICE

I, Stan Miller, do hereby certify that copies of the foregoing "MCI Petition for Clarification" were sent via first class mail, postage paid, to the following on this 25th day of October, 1996.

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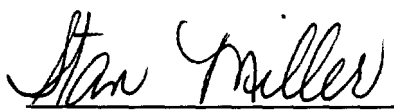
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